

Main Points Discussed

- I. Summary
- II. Critical Issues Needing Immediate Actions
- III. General Issues
- IV. Project Specific Issues

I. Summary

Project Title and Objective

1. The JICA mission and TFD agreed the title and objective of the Project as follows:

Project Title: “Project for Sustainable Catchment Forest Management in Tripura”

Objective: To improve quality of forest in the targeted catchment by sustainable forest management, soil and moisture conservation and livelihood development, thereby contributing to development of forest ecosystem services and livelihood improvement of forest dependent communities in the State of Tripura.

Project Cost

2. The JICA mission and TFD agreed that the entire cost of the Project is estimated as INR. 998.4 Crore (16,274 million Japanese Yen), out of which INR. 753.8 Crore (12,287 million Japanese Yen) is to be covered by the loan for the Project (hereinafter referred to as the “the Loan”). The coverage ratio by the Loan is 75.5%. Cost breakdown is shown in the Project Status Report (Annex I). Both sides confirmed that the cost estimation is subject to the decision of the higher authorities of Government of Japan (GOJ).

Terms and Conditions of the Loan

3. TFD and Principal Secretary of Finance, Government of Tripura (GOT) confirmed in the meeting held on 27 February, 2018 that it is proposed that Preferential Terms as per below may be appropriate for the terms and conditions of the Loan for the Project, although it is subject to the decision of the higher authorities of GOJ. The JICA mission also explained that as terms and conditions of the Loans may be updated in the next fiscal year, the latest ones shall be applied. TFD agreed on it.

Terms	Option	Interest Rate (%)	Repayment period (year)	Grace period (year)
Fixed Rate	Standard	1.30	30	10

(*) This is to be applied for main portion of the Project, while, for consulting services, the interest rate would be minimal (0.01%) and the repayment, grace periods and conditions for procurement would be the same as those for the main portion.

Loan Disbursement Period

4. The JICA mission and TFD agreed that the Disbursement Period, during which disbursement is available can be made, would be 13 years after the effectuation of the Loan Agreement, although the project implementation period would be 10 years.

II. Critical Issues Needing Immediate Actions

Key Actions with Timeframe

- TFD agreed on key actions with timetable shown in Time Bound Action Plan as Attachment 19 and committed to implement the Project in accordance with the Plan. The JICA mission encouraged TFD for achievement of implementation of the Project ahead of the Plan, if possible. The JICA mission reiterated that timely implementation of these actions are crucial for smooth implementation, and sustainable achievement of the project effects. TFD agreed to monitor the project progress with reference to Detailed Scope of Work as per Attachment 03 and take necessary actions for the statutory approvals for financial arrangement.

Possible Timeframe toward the Loan Agreement

- The JICA mission explained that decision on when and whether to provide the Loan fully depends on GOJ based on the official request from the Government of India (GOI) but indicated the approximate timeframe towards the signing of the Loan Agreement in FY2018/19 batch as shown below.
- The JICA mission explained that TFD can start the tendering process for the JICA financed packages, only 30 calendar days after the Ex-ante Notification made by GOJ to the Organization for Economic Co-operation and Development (OECD), based on the agreement on untied ODA credit transparency among OECD participating countries. Ex-ante notification to the OECD will be made soon after GOJ shortlisted the Project for appraisal by JICA.

Time	Event
August 2018	Pledge (Prior Notification) from GOJ to GOI
September 2018	Exchange of Notes (E/N) between GOI and GOJ
September 2018	Signing of the Loan Agreement between the President of India and JICA *Disbursement can be started after effectuation of the Loan Agreement

Required Clearance

- TFD confirmed that clearances for the Project such as Public Investment Board Clearance (or Standing Finance Committee/Expenditure Finance Committee), Approval from Cabinet Committee on Economic Affairs (or Line Ministry/Ministry of Finance), Environment Clearance, Forestry Clearance and Techno Economic Clearance, are not required for the final approval of the Project. However, TFD stated that necessary approvals and clearances, for specific project activities wherever applicable, shall be obtained by TFD during the implementation of the Project.

III. General Issues

(A) Cross-cutting Issues

Status of the Present Minutes of Discussions

- The present Minutes of Discussions constitutes the sole common project document shared by JICA and TFD while several other technical documents are issued by Indian side to meet requirements arising from its internal procedures. It is understood between the JICA mission, TFD and Ministry of Environment, Forest & Climate Change (MoEF&CC) that, should there be discrepancies

between the present Minutes of Discussions and those internal documents, the former should override the latter.

(B) Financial Issues

Terms and Conditions of Japanese ODA Loans

10. The JICA mission explained that the current terms and conditions of Japanese ODA Loans, whose prior notification is on and after 16 October 2017, are as per below. As explained above, the latest ones shall be applied to the Project.

Terms	Option	Interest Rate (%)	Repayment Period (Years)	Grace Period (Years)	Conditions for Procurement
STEP	Standard	0.10	40	12	tied
General Terms (Fixed)	Standard	1.50	30	10	untied
	Option 1	1.30	25	7	
	Option 2	1.10	20	6	
	Option 3	0.85	15	5	
	Longer option	¥LIBOR+105bp	40	12	
General Terms (Floating)	Standard	¥LIBOR+85bp	30	10	
	Option 1	¥LIBOR+75bp	25	7	
	Option 2	¥LIBOR+65bp	20	6	
	Option 3	¥LIBOR+55bp	15	5	
	Longer option	¥LIBOR+85bp	40	12	
Preferential Terms (Fixed)	Standard	1.30	30	10	
	Option 1	1.10	25	7	
	Option 2	0.90	20	6	
	Option 3	0.65	15	5	
	Longer option	¥LIBOR+85bp	40	12	
Preferential Terms (Floating)	Standard	¥LIBOR+65bp	30	10	
	Option 1	¥LIBOR+55bp	25	7	
	Option 2	¥LIBOR+45bp	20	6	
	Option 3	¥LIBOR+35bp	15	5	

(*)The interest rate of Floating rate consists of (a) floating base rate of six-month Yen LIBOR (London Interbank Offered Rate) in respect of each interest period; and (b) spread, fixed for the life of the Loan. Unless otherwise specified, LIBOR is reset every six month on two London Banking Days prior to the first day of the relevant interest period. If the base rate plus fixed spread is lower than 0.1%, the interest shall be 0.1% (Floor).

11. The JICA mission explained to TFD that the Preferential Terms might be applicable to a project if it will contribute to (i) Problems and Issues on Global Environmental and Climate Change, (ii) Health and Medical Care and Services, (iii) Disaster Prevention and Reduction, (iv) Human Resource Development, though it is subject to the decision of the higher authorities of GOJ.

Re-lending Arrangement

12. The JICA mission and TFD agreed that, as per the policy of the GOI, Japanese ODA Loan portion shall be no more than 80% of total project cost and out of which only 10% of the Japanese ODA Loan for the Project and concerned exchange fluctuations shall be passed on to GOT on the same terms and conditions on which it is received because Tripura is a Special Category State. The remaining 90% of the Japanese ODA Loan portion shall be repaid by the Ministry of Finance, GOI and treated as a grant from the GOI to the GOT. In summary, 72% of the project cost shall be the share of the GOI and the remaining 28% shall be the state share.

JICA Fund Coverage over Total Project Cost

13. The JICA mission explained to TFD that a ceiling ratio of the coverage of Japanese ODA Loans over total project costs is 80% for the Special Category States, as per the policy of GOI and that there is no such ceiling ratio for any particular component under the JICA eligible financial portion. In case the accumulated cost of JICA eligible financial portion exceeds 80% of the total project cost, the financing ratio on each component could be less than 100%.

Prepayment Premium

14. The JICA mission explained the application of prepayment premium for the Project as per Attachment 20. The JICA mission requested TFD to consult with GOI before corresponding with JICA, in case TFD intends to make a prepayment. TFD agreed to it.

Front-End Fee

15. The JICA mission explained Front-End Fee which shall be applied to all the projects as follows:
- The President of India (hereinafter referred to as “the Borrower”) shall pay a fee to JICA at the rate of 0.2% on the maximum amount of the Loan as the Front-End Fee.
 - The Borrower shall pay the Front-End Fee by the date specified in the Loan Agreement.
 - If the Disbursement Period originally stipulated in the Loan Agreement has not been extended and the Completion Date, determined by JICA, has occurred within the Disbursement Period stipulated in the Loan Agreement, the Borrower shall have the right to request JICA to repay the amount equivalent to 0.1% on the maximum amount of the Loan.
 - Unless otherwise agreed between JICA and the Borrower in writing, such repayment shall be made by setting-off, as specified by JICA, against any amount payable by the Borrower to JICA under the Loan Agreement, upon each due date. In any event, no interest or overdue charge shall accrue on the amount to be repaid from JICA to the Borrower.

Eligible Portion and Non Eligible Portion

16. The JICA mission explained that i) Eligible Portion includes direct project activity cost and consultancy services, and ii) Non Eligible Portion, which should be borne by TFD, includes general administration costs, all fiscal levies, charges, taxes and duties imposed by the GOI or any other departments in central/state governments, purchase/preparation of land and other real property (if any), compensation, and other indirect items.
17. The JICA mission and TFD agreed that the Project shall cover only items, whose necessity and justification are confirmed by JICA. Thus, items without necessity and justification to be regarded as eligible portion shall be covered under Non Eligible Portion.

18. The JICA mission and TFD agreed on a co-financing arrangement for establishment of new office, as durable life would exceed the project implementation period and it would be utilized for the general operation of TFD as well after completion of the Project, wherein the State Government must cover 50% of the total cost, and the Project shall cover the remaining 50%. In such cases, TFD agreed to ensure the state share portion for the said purpose and inform the same to JICA for obtaining concurrence prior to initiation of construction.
19. The JICA mission and TFD agreed that in case of rehabilitation/expansion of office, the Project shall cover its entire cost in order to ensure enough working space and appropriate working environment for project staff.
20. The JICA mission and TFD agreed that Front-End Fee and Interest During Construction shall be excluded from the eligible portion of Japanese ODA Loan to the Project.
21. The JICA mission and TFD confirmed justification for the eligible portion of the Project in Assessment of Eligibility as per Attachment 21.

Counterpart Fund

22. TFD explained that the sufficient budgetary arrangement for counterpart fund, especially for first year activities, has been requested to the GOT and the same would be provided under the budget for FY 2018. Department of Finance (DOF), Government of Tripura agreed to make necessary arrangement in this regard.
23. DOF agreed to arrange the counterpart fund for Non Eligible Portion of the Project.
24. TFD agreed to mobilize additional financial resources in case the actual project cost overruns the original cost estimate when JICA's contribution reaches the Loan amount.

Disbursement Procedure

25. The JICA mission explained the disbursement procedures, namely Reimbursement Procedure and Commitment Procedure. Under the Project, Commitment Procedure will be applied for the payment of foreign currencies, and Reimbursement Procedure will be applied for the payment of local currencies.
 - (1) Commitment: After the letter of credit (L/C) is issued by L/C issuing bank in India and Letter of Commitment (L/COM) is issued by JICA, suppliers can receive the fund from JICA passing through only commercial banks (L/C issuing bank and supplier's bank).
 - (2) Reimbursement: After TFD makes payment to suppliers, TFD requests JICA through Controller of Aid Accounts & Audit (CAAA) to reimburse the fund. In this case, the funds transferred by JICA to the bank account of GOI will pass through GOT to TFD.

Disbursement Procedure (available for download at

http://www.jica.go.jp/english/our_work/types_of_assistance/oda_loans/oda_op_info/procedure/index.html)

26. The JICA mission explained that, under Statement of Expenditure (SOE) procedure as per Attachment 22, the records and accounts related to expenditures financed from Japanese ODA Loans shall be audited annually by an auditor appointed by TFD. TFD explained that it would engage a chartered accountant in audit and mentioned that it would abide by the provisions of the Loan Agreement.

(C) Procurement Issues

JICA Procurement Guidelines with Japanese ODA Loans

27. Procurement of goods and services covered by Japanese ODA Loans should be implemented in accordance with “Guidelines for Procurement under Japanese ODA Loans”, dated April 2012. Employment of consultants should be implemented in accordance with “Guidelines for Employment of Consultants under Japanese ODA Loans”, dated April 2012. “Principles of Procurement under the Project” is attached for brief explanation of the above Guidelines as Attachment 09. TFD agreed to it.
28. A copy of the following documents was handed over to TFD for its reference and appropriate actions at the implementation stage:
- Handbook for Procurement under Japanese ODA Loans (April 2012) (available for download at http://www.jica.go.jp/english/our_work/types_of_assistance/oda_loans/oda_op_info/guide/handbooks/201204.html)
 - Standard Bidding Documents (available for download at http://www.jica.go.jp/english/our_work/types_of_assistance/oda_loans/oda_op_info/guide/tender/)

Necessity of Consulting Services

29. The JICA mission explained about the responsibility and role of consultants and the definition of Pro (A) and (B) as follows;
- Pro (A) (International Consultant) should be defined as “Engineer/expert who has appropriate professional experiences in the field of international projects as key staff where he/she assumed the primary responsibility for project management and is capable of making and delivering a fair determination/judgement to the employer and the international contractor.”
- Pro (B) (Local Consultant), on the other hand, should be defined as “Engineer/expert who has appropriate professional experiences in domestic investment projects in the Borrower’s country or who has appropriate experiences in the field of international projects where he/she provided services under supervision/control of the International Consultants.”
30. The JICA mission confirmed that the mandate of Project Management Consultant (PMC) under the Project does not include either authorization of disbursement or decision making on project policy. PMC shall extend management support as well as technical advice to Project Management Unit (PMU) based on Terms of Reference (TOR) as per Attachment 04.
31. TFD explained that the necessity of Pro (A) consultants in the field of Forest Management and Biodiversity Conservation as well as Soil and Moisture Conservation in order to strengthen TFD’s capacity in the area of catchment protection, and also supports TFD by reviewing/preparing/updating the guideline of soil and moisture conservation. The JICA mission stated the same has been incorporated in TOR of PMC.

Minimum Age of the Construction Workers

32. TFD agreed that it shall observe eighteen (18) years old as minimum age for the acceptance of construction workers in reference to the Child Labour (Prohibition & Regulations) Act, 1986 and Rules 1950.

Ex-Post Procurement Audit

33. The JICA mission informed TFD that, if the Loan for the Project is approved by JICA, an ex-post procurement audit shall be carried out during/after the implementation stage by Comptroller and Auditor General of India in order to ensure the fairness and competitiveness of procurement procedure, in case where JICA considers it necessary. TFD agreed to it.

(D) Other Issues

Changes from the Agreement in the Minutes of Discussions

34. The JICA mission stressed that the changes from the agreement in the present Minutes of Discussions will necessarily require the prior concurrence from MoEF&CC and JICA. TFD agreed to it.

Publication of Ex-Ante Project Evaluation Report

35. The JICA mission notified that JICA would publish the “Ex-Ante Project Evaluation Report” soon after the signing of the Loan Agreement for the Project. The report consists of eight major items; 1) project name, 2) necessity and justification of the Loan, 3) objectives of the Project, 4) project description, 5) operation and effect indicators (performance indicators), 6) risk due to external factors, 7) evaluation results of past similar projects and lessons learned, and 8) evaluation plan. TFD agreed to it.

Submission of Reports

36. Quarterly Progress Reports (QPR): The QPR for the Project has to be submitted by TFD to JICA India Office and MoEF&CC on a quarterly basis, not later than 30 days after the concerned quarter, by updating the Project Status Report (PSR) attached hereto as Annex I. Milestones achieved with respect to Action Plan with Timetable should also be appended to the PSR. In addition, TFD shall also forward the Monthly Progress Reports prepared by the PMC to JICA India Office on regular basis till completion of the contract.
37. Project Completion Report (PCR): The PCR should be submitted by TFD to JICA India Office promptly, but in any event not later than six months after completion of the Project, by updating the PSR attached hereto as Annex I.

Ex-Post Evaluation

38. The JICA mission explained that JICA would conduct independent evaluation activities 2 years and 7 years after the project completion so as to review the project's effectiveness. Additional ex-post monitoring might be further implemented for the same purpose. It is agreed that, upon JICA's request, TFD shall be responsible for the submission of performance evaluation result including the indicators, EIRR and the relevant data/assumptions adopted to arrive at the indicators. JICA shall send the copy of the report on the evaluation of the project to MoEF&CC, as and when such evaluations are done. In case the operation and maintenance organization structure for the project changes, the relevant departments/organizations will be responsible for undertaking this task. TFD agreed to it.

Public Relations

39. The JICA mission and TFD agreed to develop strong public relations concerning the Project (for example: making a brochure of the Project, putting plates or signboards at the project site, organizing an opening ceremony, etc.) for better support to the cooperation through the Loan by the people of both countries.
40. TFD confirmed that the logo as Attachment 23 will be put up on at all visible project sites under JICA's funding in addition to the logo of the Project.

Record of the Project

41. The JICA mission suggested that TFD record the detail of the project progress as a "project life history" from the perspective of public relations and future replication. TFD took note of it.

Disclosure of Project Implementation Schedule

42. The JICA mission explained that the expected implementation schedule with the updated status of the Project may be made public by JICA. TFD agreed to make the aforementioned information available for JICA upon request.
43. The JICA mission and TFD agreed to disclose the following information at the time of signing of the Loan Agreement for the Project: (i) scheduled project completion; (ii) issuing of letters of invitation for consulting services; and (iii) tender announcement of initial procurement package for international competitive bidding.

IV. Project Specific Issues

(A) Cross-cutting Issues

Actions to Be Taken

44. TFD reiterated its commitment to complete the entire project by September 2028. The implementation schedule of the Project is as per Attachment 05.
45. The JICA mission and TFD defined the Project Completion Date as the date by when activities of the Project shall be completed in totality.
46. For realizing the Project in a timely manner and enriching the effectiveness, the JICA mission stressed the following issues/principles as keys for smooth implementation of the Project and timely and sustainable realization of the project effects. TFD agreed to pay adequate attention to the following points throughout the project period and even after completion of the Project.
 - Adequate financing arrangement to cover the entire project
 - Continuation of Dr. Angshuman Dey, Chief Conservator of Forests as Chief Executive Officer/ Project Director for initial some years, unless there is an unforeseen administrative exigency
 - Necessary amendment in the bylaws and name of the Society of the Project in accordance with the requirement of the new project
 - Early notification of High Power Steering Committee (HPSC) by the State Government by the end of July, 2018
 - Preparation of Operation Manual and approval by HPSC
 - Preparation of TOR for PMU staff and necessary measures for early selection of staff
 - Procurement of preparing satellite imagery as per specification indicated in Attachment 03 for preparing Beat Forest Basic Plan (BFBP)

- Revision in JFM Resolution
- Finalization and approval of state NTFP Policy

Project Approach

47. TFD stated that the local communities face challenges in accessing forest resource such as NTFP as well as water resources due to soil erosion caused by degradation of forest. In order to improve the situation effectively and efficiently, TFD has proposed improvement of the quality of forest with catchment based approach to reduce soil runoff from forest areas for conserving water resource in effective manner. The JICA mission and TFD agreed that measures to be taken for each catchment area shall be considered accordingly to the actual site specification which will be confirmed during implementation phase of the Project.
48. The JICA mission and TFD agreed that “catchment” shall be defined under the Project as forest area, with severe forest degradation and soil erosion in identified Beats.
49. The JICA mission, TFD and CEO of State Level Nodal Agency (SLNA) of Integrated Water Management Programme (IWMP) under Agriculture Department confirmed that IWMP has the mandate of watershed management of middle and lower area of river basin. The three parties confirmed that as the Project is focusing on the upper areas of the tributary within forest area in accordance with the mandate of TFD, there is no overlap in the project target area between the Project and IWMP.
50. The JICA mission and TFD agreed that in the context of IWMP operation, as its works are defined as “Watershed Management”, the work to be done by the Project shall be defined as “Catchment Protection” in order to avoid confusion at the operation level.
51. TFD and SLNA of IWMP explained that the common understanding on the project operation site of TFD and SLNA could be developed at the District level Coordination Committee meeting to avoid confusion and to exchange ideas and encourage convergence between the two Departments.

Scope of the Project

52. The JICA mission and TFD agreed the components of the Project as follows. The detailed information of each component of the Project is defined in the Detailed Scope of Work.
 - (1) Sustainable Forest Management
 - (2) Soil and Moisture Conservation
 - (3) Livelihood Development
 - (4) Institutional Strengthening

Selection Criteria of Project Target Area

53. The JICA mission and TFD agreed that Forest Beat shall be unit for prioritizing the project target catchment. TFD informed that Beat is the lowest level of forest administrative boundary of TFD wherein the most detailed information is collected within the administrative forest boundary. TFD stated that Beat wise data could be used to identify and prioritize forest area with severe forest degradation and soil erosion.
54. The JICA mission and TFD agreed that the following criteria and their weight for selection of Beats were applied.
 - (1) Current status of forest degradation ((Scrub and Open)/ legal forest area) in 2017 (30%)
 - (2) Status of soil erosion (degrees of the slope between 0 and 25/ vulnerability to erosion) (25%)

- (3) Area of Forest Rights Act land (15%)
 - (4) Dependency on forest (e.g. the number of landless households in gram panchayets) (10%)
 - (5) Extent of socio economic deprivation based on the socio-economic caste survey census 2011 (20%)
55. The JICA mission and TFD agreed that as a result of selection process, 135 Beats within 33 Territorial Forest Ranges and 13 Beats within 3 Ranges in Gomati Wildlife Sanctuary have been identified as the project target as per Attachment 02.

Technical Coordination

56. The JICA mission and TFD agreed that technical coordination between two Externally Aided Projects (EAPs) financed by KfW and JICA shall be useful for TFD. It was agreed that the two Project Directors of the two EAPs could participate in the monthly departmental review meeting and information sharing on EAPs could be increased as an important regular agenda item in the monthly departmental review to share the project status, research findings/technical inputs, guideline, manuals and other reports.

Local Stakeholders

57. The JICA mission and TFD agreed that at the preparatory stage of the Project, the identification and selection of Joint Forest Management Committees (JFMCs) under the Project shall be conducted by Range Management Unit (RMU) with support from PMC on the basis of BFBP, which shall be prepared as per Detailed Scope of Work. All the 27 Eco-Development Committees (EDCs) of Gomati Wildlife Sanctuary shall be targeted. In the Project, 423 JFMCs and 27 EDCs in total have been agreed to be targeted.
58. The JICA mission and TFD confirmed that as per revised JFM Resolution in Tripura, 2002, No. F. 17 (159)/For-Dev/97-99/28576-29028 dated 16th January 2002, read with No. F.17 (159)/For-Dev/97-99/27,201-70 dated on 18th January, 2003, the purpose of formation of JFMCs and EDC is as below;
- (1) Active participation and involvement of local people for re-generation of degraded forests
 - (2) Maintenance and protection of forests with the objective of ecological maintenance and increase productivity of forests within recorded forest area.

On the other hand, TFD informed that formation of Biodiversity Management Committees (BMC) by Gram Panchayat or Municipality is a statutory requirement which has to be fulfilled by such local bodies to prepare inventory of overall genetic resources/ biological diversity within their areas, take steps to promote such diversity and act as a consulting forum for National Biodiversity Authority and State Biodiversity Board to regulate the access to such resources by private sectors for commercial purposes. The JICA mission and TFD agreed that there is no overlap between JFMCs/EDCs and BMCs due to the said demarcation of institutional mandate. However, both sides agreed that the Project shall study and incorporate best practices from BMC especially from those institutions whose initiatives have been recognized nationally through national level awards.

59. The JICA mission and TFD agreed that JFMCs and EDCs supported under TFIPAP can also be included in training and workshop for capacity development under the Project for the purpose of refreshing their skill sets and institutional capacities.
60. The JICA mission and TFD agreed that the Project shall target on Recognition of Forest Rights (RoFR) households who are the members of JFMC/EDC living inside and outside treatment area of

JFMC. It was agreed that in case that individual RoFR households, who are settled outside treatment area, express interest in participating in the Project, they shall be encouraged to become members of JFMCs members. The JICA mission and TFD also agreed that RoFR households, who are not members of JFMCs, shall be out of project scope in order to ensure transparency of project activities.

61. The JICA mission and TFD confirmed that in case any patta land falls in the project area of JFMC, forest rights as recognized under RoFR Act shall remain with respective patta holders as it is, and JFMC activities shall be conducted in the said area with consensus of patta holders.

Focus on Joint Forest Management Mode

62. TFD emphasized that the Project should prioritize Joint Forest Management (JFM) Mode over Departmental Mode, as involvement of communities is a key for sustainability of forest management. The JICA mission and TFD agreed that JFM mode should be selected on priority under the Project.
63. The JICA mission and TFD confirmed that EDC shall be constituted under No. F.17 (159)/For-Dev/97-99/27,201-70 dated on 18th January, 2003, which specifies the necessity of involvement of local community in Protected Area Management. Thus, the Project shall target on EDC as the main stakeholder in Eco-Development Component of the Project.
64. The JICA mission and TFD agreed that potential project target area within Beat can be classified into following three categories based on BFBP indicated in latter clause;
 - 1) New JFMC area under the Project,
 - 2) New area closer to JFMC area under TFIPAP rather than the JFMC area under the Project,
 - 3) New isolated area wherein only Department Mode would be available.

As the Project prioritizes the intervention under JFM Mode in new project area with a view to expand project intervention area in transparent manner and enhance the forest quality of the state, it was agreed that “1) new JFMC area under the Project” shall be the highest priority for identification of project area. In case of necessity of category 2), mentioned above, it shall be considered the second priority in the Project. The category of 3), mentioned above, was agreed to be the least priority in the Project. It was also agreed by both parties that the project area under categories 2) and 3) shall be taken up only in the third batch of project intervention, after due confirmation of the necessity of taking up intervention in these categories.

65. The JICA mission and TFD agreed that in case of consideration of category 3) mentioned above, the following criteria shall be met upon inclusion; new isolated open forest area larger than 10 ha and unavailability/unwillingness of local communities taken up interventions. Detailed criteria for the intervention under the Department Mode shall be fixed by PMU and approved by HPSC.
66. The JICA mission and TFD confirmed that certain interventions under “Component 1. Sustainable Forest Management” and “Component 2. Soil and Moisture Conservation”, which are not feasible for JFM Mode even though they are in the category 1), shall be implemented under Department Mode as already agreed in the Detailed Scope of Work. It was also confirmed that basic ideas on planning under the Department Mode shall be in accordance with BFBP mentioned below.

Benefit Sharing

67. The JICA mission and TFD confirmed the significance of benefit sharing between TFD and JFMC as per Tripura JFM Resolution 2002, for ensuring the JFM by the community. Both sides agreed

that benefit sharing at field level within the State including project area of the Project as well as TFIPAP shall be well monitored by JFM Cell under TFD and shared with JICA in case of inquiry.

Beat Forest Basic Plan and Micro Planning

68. The JICA mission and TFD agreed that BFBP shall be prepared as the framework of interventions of “Sustainable Forest Management”, “Soil and Moisture Conservation” and “Livelihood Development” for the purpose of catchment protection in a consistent manner. The said plan includes 1) socio-economic assessment, 2) forest land assessment and 3) JFMC assessment including a) new JFMC formed under the Project, b) existing JFMC formed by Forest Development Agency under National Afforestation Programme (NAP), and c) existing JFMC formed by TFIPAP. It was also agreed that BFBP shall include identification of broad treatment area of JFMCs under the Project as well as potential interventions in respective Beats.
69. The JICA mission and TFD agreed that the necessary information for preparation of BFBP shall be collected at the Beat level and the plan shall be prepared by RMU under the responsibility of Sub Divisional Management Unit (SDMU) with the approval of District Project Planning Committee chaired by District Forest Officer, wherein representative from PMU and Working Plan Division shall participate. Both sides also agreed that the process of preparation of BFBP shall be in accordance with the process indicated in the Detailed Scope of Work.
70. The JICA mission and TFD agreed that finalization of JFMCs under the Project shall comply with the assessment in BFBP for the purpose of ensuring transparency of the process.
71. The JICA mission and TFD agreed that BFBP shall be valid for ten years. It was discussed that information collected and the BFBP document could serve as reference during preparation of Working Plan by TFD. Additionally, both sides agreed that preparation of BFBP shall take into consideration of the requirements and methodologies indicated in National Working Plan code 2014 for future revision of working plans.
72. The JICA mission and TFD agreed that the copies of BFBP shall be sent to Panchayat Samity/Block Advisory Council for the purpose of ensuring transparency in project planning process.
73. The JICA mission and TFD agreed that PMC shall review and amend the BFBP technical guideline, which is indicated in Attachment 3, after the completion of preparation of BFBP for all Beats in order to promote the continuous application of BFBP.
74. The JICA mission and TFD agreed that Micro Plan shall be prepared over a specified period of time in a participatory manner with supports of RMU and Field Facilitators (FF) and approved by DMU. In case of existence of Micro Plans, which have already been prepared under other schemes, the same shall be amended with incorporating the activities proposed under the Project and duly involving all the stakeholders in a participatory and democratic manner as this will ensure strengthening of the existing Micro Plans and avoid duplication of works.
75. The JICA mission and TFD agreed that BFBP as the policy and strategy for catchment protection shall serve as the basis of participatory discussion and consideration of necessary interventions in the Project during the process of micro planning. Although BFBP depicts potential interventions by both JFM and Department Mode, actual intervention by JFM Mode including its size and location shall be decided in Micro Plans. The interventions by Department Mode shall be implemented as per BFBP.

76. The JICA mission and TFD agreed that any works under “Sustainable Forest Management”, “Soil and Moisture Conservation” and “Livelihood Development” can only be implemented after completion and approval of Micro Plans in a participatory manner.

Implementation Schedule

77. The JICA mission and TFD agreed that the first two years of the project shall form the preparatory stage of the Project and shall involve activities such as procurement of PMC, hiring of staff, refresher trainings and preparation of manuals. The implementation period shall be six years, and the final two years shall constitute the phase out stage of the Project.

Batch-Wise Selection

78. The JICA mission and TFD agreed that the target JFMCs shall be grouped into three batches; 106 JFMCs and 13 EDCs for Batch 1, 211 JFMCs and 14 EDCs for Batch 2 and 106 JFMCs for Batch 3. On the basis of BFBP, the JFMCs requiring project interventions the most shall be included in Batch 1.

Method of Payment

79. The JICA mission and TFD agreed that all payments at PMU, DMU, SDMU, RMU levels and JFMC/EDC level under the Project shall be made through cheques/bank draft only. No cash payments shall be made under the Project for any activities under any circumstances. Furthermore, for all works to be executed in each JFMC/EDC, the funds for the same shall be transferred by DMU through SDMU and RMU to JFMC/EDC account directly. No direct payment shall be made by PMU/DMU/SDMU/RMU to any individual or entity concerning project activities at village level.
80. The JICA mission and TFD agreed that fund transfer to Self Help Group (SHG)/Joint Liability Group (JLG) shall be made by RMU routing through JFMC/EDC.

Convergence

81. The JICA mission and TFD confirmed the significance of convergence for enhancement of project impact and ensuring sustainability of project activities after project completion. The JICA mission and TFD also confirmed livelihood improvement as the prioritized area of convergence, wherein the Project would require technical support or supplemental financial coordination. For the purpose of convergence in the said fields, the following Departments and schemes are identified; Department of Agriculture, Department of Horticulture, Department of Fishery, Animal Resource Development Department, the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), Pradhan Mantri Ujjwala Yojana (PMUY) and Life Insurance Corporation of India. In order for smooth coordination with concerned Departments and schemes and initiation of the Project, the State Government agreed that TFD would identify the specific items of convergence and make requests to the Department concerned.
82. The JICA mission and TFD agreed that further technical coordination shall be initiated with concerned Departments and schemes by TFD/PMU after the first meeting of HPSC. For further close coordination, TFD shall sign Memorandum of Understanding with the prioritized Departments and agencies for convergence.

83. The JICA mission and TFD agreed that HPSC shall monitor the progress of convergence. In case of any difficulty in coordination, HPSC shall facilitate the coordination with concerned Departments and schemes.
84. The JICA mission and TFD confirmed the high potential of convergence with Tripura Rural Livelihood Mission (TRLM) under Rural Development Department (RDD) for support to SHG. Under TFIPAP and under the Project. TRLM has the institutional mandate for creation and adaption and strengthening of SHGs throughout the State to bring the livelihood activities and promote the bank linkages. As per the protocol issued by RDD, TRLM involved in adopting and supporting SHGs created under other schemes or Departments, hence following actions were agreed between the JICA mission and TFD to take;
- SHGs creation under the Project shall be in compliance with NRLM guideline and in coordination at the Block Level Office of TRLM. For such purpose, the JICA mission and TFD agreed the Project may refer to “Guideline for Mission Implementation” used by TRLM for the operation of SHGs created by the Project.
 - TFD shall make necessary communication and coordination of SHGs formed under TFIPAP for smooth transfer and transition of these SHGs for support by TRLM.
85. The JICA mission and TFD confirmed the high potential of convergence with the central scheme of PMUY, which facilitates provision of LPG cylinder to poor communities including Scheduled Tribe (ST) communities as well as forest dwellers. It was agreed that such initiatives would promote natural resource preservation, reduce drudgery for women and address health problems for women caused by smoke. In order to promote convergence with the said scheme, it was agreed that Livelihood Coordinator (LC) as well as Community Organizer (CO) shall support JFMC members in preparation of necessary documentation and coordination with LPG dealers, who act as the nodal point for accessing the scheme.
86. TFD explained that the possibility of covering JFMC/EDC members under Pradhan Mantri Jeevan Jyoti BimaYojana (PMJJBY), wherein provision for insurance with the support of National Social Security Fund of the Government of India would be available for the local people in rural area. As the said scheme would enhance the livelihood of the project target community, the Project shall attempt to explore the possibility of convergence with PMJJBY.

Co-Financing by the State Government

87. The JICA mission and TFD agreed that following activities shall be co-financed by the State Government; 1) some operational cost items and personnel for NCE, 2) some operational cost items for Mini-Community Common Facility Centres (M-CCFC), 3) 50% of total cost of agroforestry through MGNREGA, and 4) some construction items for field offices. The detail of above items is as per Attachment 24.
88. The JICA mission and TFD agreed that while material and maintenance cost for agroforestry plantation has been covered by TFIPAP, wage labour for agroforestry plantation has been supported by MGNREGA. As such co-financing structure has worked well under TFIPAP, the same initiative shall be adopted under the Project for the purpose of cost effectiveness. Hence it was agreed that, 50% of total cost of agroforestry plantation per hectare shall be covered by the State Government through the scheme of MGNREGA. For such purpose, TFD confirmed that prior consent shall be obtained from RDD.

(B) Procurement Issues

Consultant Selection Procurement

89. The JICA mission and TFD agreed that the consultant shall be selected by Quality and Cost Based Selection (QCBS) method, and standard allocation of weights to be given to the quality and cost (80% and 20% respectively) should be applied to ensure the quality of the Project.

Acceleration of Consultant Selection

90. The JICA mission and TFD shared the view that timely employment of consultant would be quite important for smooth implementation of the Project. In this context, the JICA mission explained that JICA may provide an assistance to TFD for compliance with “Guidelines for Employment of Consultants under Japanese ODA Loans”, dated April 2012.

TOR of Consultancy Services

91. The JICA mission and TFD confirmed that consultancy services should be carried out for community based forestry management, soil and moisture conservation support activities, livelihood support activities, gender consideration and biodiversity conservation. The draft TOR is as per Attachment 04.

(C) Project Cost Issues

Physical Contingency

92. The JICA mission and TFD agreed that the physical contingency under the Project is set as 5% so that unforeseen cost escalation shall be covered for the realization of the Project objectives.

Wage Rate

93. The JICA mission and TFD agreed that applicable base wage rate for the Project shall be calculated based on the average price escalation rate of the past five years. In order to take care of future inflation, the current wage rate plus 3% shall be applied. TFD agreed on it.
94. The JICA mission stated that when the minimum wage rate indicated in the schedule rate is revised, the same shall be applicable for the project activities with intimation to JICA India Office. However, the JICA mission stated that no additional funds other than funds allocated under the Loan Agreement shall be provided by JICA to meet the additional cost. For this purpose, the funds allocated under the category of “Contingencies” may be utilized by TFD after due process of amendment of Loan Agreement by JICA based on the request routed by TFD to JICA through MoEF&CC and DEA.

(D) Institutional Arrangements

Responsible Organization for Implementation

95. TFD confirmed to take all necessary measures, required from time to time, in a timely and efficient manner and be fully responsible for the project implementation. Even after the project completion, responsibility for the efficient operation and maintenance of the assets created through the Project shall be taken by TFD.
96. The JICA mission and TFD agreed to the Institutional Arrangement depicted in Attachment 08.
97. The JICA mission and TFD agreed that the Society created under TFIPAP shall continue to function after necessary amendment in the bylaws and Memorandum of Association to implement the

Project. TFD confirmed that necessary resolution shall be passed by the Special General Body Meeting of Society within one month of signing of L/A.

98. The JICA mission and TFD agreed that HPSC shall be established within the GOT, outside of the Society, at project preparation stage. It was also agreed that HPSC shall be headed by Chief Secretary and will act as the policy matter decision making and highest approval body regarding the Project. Both sides also agreed that Governing Body of the Society shall be the highest decision making body within the Society established below HPSC and shall be headed by Principal Chief Conservator of Forest, Head of Forest Force (PCCF (HoFF)).

99. The JICA mission and TFD agreed that the organizational structure of PMU is as per Attachment 08. Members of PMU are:

- Project Director
- Director (Administration, Finance and Auditing)
- Director (Monitoring and Evaluation)
- Director (Livelihood and Capacity Development)
- Director (Sustainable Forest management)
- Finance Officer
- Project Manager (Audit)
- Office Manager
- Accountants
- Project Manager (Monitoring and Evaluation)
- Assistant Director
- Communication Officer
- GIS/RS Officer
- MIS Officer
- Programmer
- Data Operator
- Program Manager (Livelihood and Capacity Development)
- Coordinator
- Program Manager (Sustainable Forest Management)
- Project Engineer
- Assistant Director

100. The JICA mission stressed the requirement of additional recruitment of staff by TFD for the Project, to support financial and information technology management and community mobilization. TFD agreed to appoint/outsourced on contract basis 735 staff including 450 FF immediately after the Loan Agreement is signed.

Fund Flow

101. The JICA mission and TFD agreed that the fund flow mechanism of TFD shall be applied to the Project in order to ensure the accountability and transparency of the fund and enhance the involvement of field offices of TFD. Hence, it was confirmed that the fund shall be transferred from PMU to DMU to SDMU, which shall pass on the funds to RMU for onward transfer to JFMC as per Institutional Arrangement in Attachment 08.

Deployment of Staff

102. The JICA mission stressed that the entire PMU staff, including core staff, such as Project Director and Directors, shall be deployed exclusively for the Project. Furthermore, the contractual staff required at PMU and other project units also needs to be contracted in a timely manner. TFD agreed to it.

Minimization of Core Staff Transfer

103. Frequent transfers of core staff, such as Project Director, increase the difficulty in efficient and timely implementation of the project components. The JICA mission requested TFD to minimize the possibility of transfer of the staff in the core positions under the Project. TFD agreed to it.

Deployment of Field Staff

104. The JICA mission and TFD agreed that one FF shall be selected and contracted by JFMC with the concurrence of DMU for the operation of JFMCs under the Project. Additionally, two COs and one LC shall be deployed at each RMU based on the policy and guideline of GOT. Amongst those three COs/LC, at least one female staff shall be selected.

Responsible Organization for Operation and Maintenance

105. TFD confirmed that, even after the project completion, TFD would continue to have overall responsibility for the efficient operation and maintenance of the assets created through the Project.

106. The JICA mission stated that to secure sustainability of the Project, an operation and maintenance structure with financial and technical capacity should be in place. For such a purpose, the JICA mission and TFD agreed that INR. 50,000 per JFMC/EDC of sustainability fund with the contribution of minimum INR. 5,000 by JFMC/EDC shall be created and kept as term deposit receipt (TDR) with bank and its interest only to be utilized for the maintenance of assets such as plantation, check dams, Multi Utility Centre, etc. In order to supplement further enhancement of financial sustainability, credit rating of JFMC/EDC by PMU in consultation with banks for linking them to banks shall be considered by the end of the Project to take care of their assets.

107. The JICA mission and TFD agreed that JFMC/EDC members, who earn wages from the Project, shall be encouraged to contribute at least INR. 1 per wage to the revolving fund. Additionally, a certain portion of revolving fund to be provided by the Project shall be kept at revolving fund bank account of JFMC/EDC in order to utilize its interest for sustainability of assets created. RMU/SDMU with support from LC, CO and FF shall mobilize the communities to ensure the significance of sustainability of assets created under the Project and provide training on methods for the said purpose.

108. The JICA mission and TFD agreed that JFMCs supported under the Project shall be attempted to register as Society for sustenance of their intervention. The process for registration Society of JFMCs shall be promoted and coordinated by JFM Cell during implementation stage of the Project.

Manuals of the Project

109. The JICA mission and TFD agreed that Operation Manual, which provides the detailed guidelines for project implementation, and Procurement Guidelines for the Project, which is crucial for the smooth implementation of the Project. As some of them have already been prepared under TFIPAP, TFD shall commence amendment and update them after the pledge for the Project is made by the

GOJ and submit the same to JICA for its review and comment, after the approval of Governing Body but before the final approval of HPSC.

110. The JICA mission and TFD agreed that any project activities shall be initiated based on Operation Manual and Procurement Guidelines.

(E) Project Scope

Component 1: Sustainable Forest Management

Target of Forest Intervention

111. The JICA mission and TFD agreed that the main target of intervention under the Project is forest area categorized under “Open Forest” and “Scrub”. Throughout the project intervention under the component 1, it is aimed to improve the situation of Open Forest and Scrub to Medium Dense Forest.

Nursery Improvement

112. The JICA mission and TFD agreed that the central nurseries already established under TFIPAP and to be rehabilitated under the Project shall be well managed and maintained by TFD as the assets owned by TFD after the completion of the Project. Prior to the completion of the Project, TFD shall ensure the budget for their operation and maintenance of these nurseries and submit the copy of financial assurance to JICA.
113. The JICA mission and TFD agreed that the nursery improvement to meet the demands of required quantity and quality of seedling for intervention of the Project shall entail rehabilitation and upgradation of existing nurseries. New establishment of central nurseries shall be out of the scope under the Project.

Habitat Improvement in Gomati Sanctuary

114. The JICA mission and TFD agreed about the significance of catchment area of Gomati Wildlife Sanctuary, which draws water from Gomati and Khowai river catchment, wherein some areas are overly degraded by Jhum cultivation. Thus, the Project shall target Gomati Wildlife Sanctuary in Dhalai District, which is the only sanctuary amongst project target areas. It was also agreed that the project activities in Gomati Wildlife Sanctuary shall be taken up and supervised under the authority of Wildlife Warden, Tripura Forest Department.
115. TFD explained that while Wildlife Protection Act restricts any kind of harvest from Sanctuary, RoFR Act provides rights to the patta holders to use the rights in RoFR land even if it is situated in Sanctuary. The JICA mission and TFD confirmed that there are 23 EDCs, outside the area proposed for declaration of critical wildlife habitat. In those treatment area of EDCs, all livelihood support including agroforestry plantation shall be taken up based on Micro Plan. The JICA mission and TFD confirmed that the interventions proposed in the Project do not require any resettlement or modification of rights of forest rights holders under RoFR Act.

Component 2: Soil and Moisture Conservation

Soil and Moisture Conservation

116. TFD explained that earthen check dam as a countermeasure for soil erosion has been constructed under TFIPAP for the purpose of economic and ecological improvement under the main mandate of TFD, and is expecting to the same under the Project. The JICA mission took note of this matter.

117. The JICA mission and TFD agreed that while planning of setting check dams would be done by DMUs based on BFBP, detailed designing would be done by TFD engineers in consultation with Public Works Department and implementation works at field level would be done by JFMC or TFD in Departmental Mode.
118. TFD expressed interest in sabo, especially bioengineering in forest area as a measure towards soil erosion control. The JICA mission highlighted that as it is found that the land slide occurs side by the roadside in the State, and not in forest area, construction of major dams in forest area would not be considered in the Project. The JICA mission and TFD agreed that existing manuals for creation of check dams shall be well reviewed and amended by Soil and Moisture Conservation expert, who is a member of PMC, with the analysis of various types of sabo techniques for the project operation.

Component 3: Livelihood Development

NTFP Centre of Excellence

119. The JICA mission and TFD confirmed the significance of the role of NCE formed under TFIPAP, which is supporting the basis of livelihood activities of the local people as the means of alternative income generation against the income sources severely relying on forest resource. In order to ensure its sustainability and self-reliance, it was agreed that the NCE shall be converted into a Society under Societies Registration Act, 1860.
120. The JICA mission and TFD agreed that NTFP Policy is the first step to be taken in order to create a road map for NCE's operation. For such purpose, both sides confirmed that NTFP Policy shall be approved by March 2019.
121. The JICA mission and TFD agreed that the self-sustainability of NCE as well as Crafts & More is the one of the main focuses of Livelihood Development in the Project. For the said purpose, the JICA mission stressed that the operation cost of those institutions shall be borne by the Project for initial five years of project implementation though some running cost including some personnel cost shall be borne by NCE with the support of State Government and other schemes.
122. The JICA mission and TFD agreed that project fund for NCE operation shall be disbursed after confirmation of the followings; 1) deployment of NCE officers, 2) preparation of agreed budget of State share, and 3) enforcement of NTFP policy. TFD shall obtain the concurrence from JICA for the said purpose of complying with the above conditions.
123. The JICA mission and TFD agreed that broom grass operation shall be continued and facilitated by NCE in accordance with the process which has already been developed by NCE during the implementation of TFIPAP.
124. The JICA mission and TFD agreed that NCE shall explore the possibility of networking with domestic/international organization, agency, etc with the support of PMC in the field of NTFP promotion including bamboo for the purpose of sharing knowledge and skills on value addition, treatment of harvested bamboo, designing intervention, new product development and possible export of bamboo shoot and conducting research on productivity enhancement of bamboo forest/plantation as well as production and harvesting bamboo. It was agreed that the following ideas shall be considered as options for collaboration; 1) organizing joint workshops, 2) dispatching experts, artisans and concerned project staff for exposure, and 3) receiving experts, artisans, researchers and concerned personnel.

Cluster Development

125. The JICA mission and TFD agreed that in order to strengthen effective and efficient processing and value addition of NTFP and to create its value chain, the Project shall establish specific product-based group comprised of members working on NTFP collection, production and processing as well as artisans to be trained under the Project, who are basically members of JFMCs/EDCs under the Project as well as TFIPAP. Such specific product-based group shall be called as a cluster under the Project and shall be established at a location considering resource availability, feasibility of transportation and other logistic requirement. Both sides also agreed that the cluster shall be established at four locations.
126. The JICA mission and TFD agreed that project intervention under “NTFP based Livelihoods” of Component 3 can be classified into following three tiers based on willingness and capacity of SHGs/artisans from JFMCs, availability of NTFP resources and marketing potential;
- Tier 3: Collection and primary processing by SHG/JFMC members,
 - Tier 2: Secondary processing for higher value addition by SHG/JFMC members, and
 - Tier 1: Advanced processing and value addition by entity formed by SHG/JFMC members with a linkage to private sectors.
127. The JICA mission and TFD agreed that based on the above concept, Diagnostic Study shall be carried out through outsourced organization/agency at four locations for formation of three tier clusters at each of the locations having adequate availability of NTFP resources. The outline of the study is as per Attachment 3.
128. The JICA mission and TFD agreed that the cluster actors at the lowest level, which is at Tier 3, shall be artisans/producers/gathers of NTFP organized into SHGs. At the intermediate level, which is at Tier 2, the cluster shall have NTFP Collection/Primary Processing Centre (CC), which shall be strategically located in the village, preferably near village markets. At the apex level, which is at Tier 1, there will be an Advanced Processing and Value Addition Unit (PAU).
129. The JICA mission and TFD confirmed that the project intervention at Tiers 3 is more traditional community-based rural activities while Tier 2 requires technical equipment and marketing knowledge and connection. The project intervention at Tier 1 requires specialized technical knowledge and niche market by competitive business mode. The project intervention at Tier 1 is expected to coordinate amongst stakeholders at Tier 2 and Tier 3 and manage the entire value chain. Under the Project, those interventions at different level of tiers are expected to form a cluster at Sub-Division level. Both sides agreed that TFD shall expand the said cluster model by themselves.
130. The JICA mission and TFD agreed that cluster development shall have two steps; 1) soft intervention, and 2) hard intervention with overall coordination by Cluster Development Executive (CDE), who shall be placed at APU, to be appointed by PMU. In 1) soft intervention, CDE shall be well trained by PMCs and obtain experience by exposure visit for community mobilization with coordination of LC, CO and FF. In 2) hard intervention, arrangement of facility and equipment shall be done by facilitation of CDE.
131. The JICA mission and TFD confirmed that project intervention at Tier 1 could be initiated after confirmation of performance of Tier 2 and 3. As the progress of institutional development at Tier 2 and 3 would differ from community to community, consideration of four clusters formation under the Project would be done Batch-wise.
132. The JICA mission and TFD agreed that Sub-Divisional Forest Officer, who shall have the overall responsibility for implementation of the activities, shall be implementing agency for the cluster.

There will be a Technical Agency engaged by PMU to provide technical support to the cluster. Implementing agency shall form and register a Special Purpose Vehicle (SPV) (a Society/cooperative/producer company/any other legal entity) depending upon the local condition to run the cluster development activities under the Project and ensure sustainability beyond the project period. Under the Project, SPV shall coordinate entire value chain of NTFP for the purpose of high value addition of NTFP produced by project target community and create market linkage within the framework of cluster development by the facilitation of SDMU.

133. The JICA mission and TFD agreed that the SPV shall be registered as Society, Producer Company, etc, within six months of in principle approval for ensuring self-sustenance.
134. The JICA mission and TFD agreed that in order for SPV to strengthen its ownership of its operation and facility and ensure the sustainability, maintenance fund with the financial contribution from users through collected user fee, assets contribution as well as membership fee by its members shall be established. The detail of such contribution and fee shall be well defined by PMU prior to the sanction of APU establishment based on the Diagnostic Study. Both sides also agreed that financial support as well as working capital support shall be disbursed in three installments; 40%, 40% and 20%. Last installment of 20% of working capital support shall be released after ensuring contribution of artisans as specified by SDMU.

Collection and Primary Processing at Tier 3

135. The JICA mission and TFD agreed that in the process of micro planning, JFMCs including the one of TFIPAP shall be encouraged by RMU with support from LC, CO and FF to form NTFP Collectors Group in order for them to be able to make collective decision for collection, primary processing, trade and related activities and ensure fair market price. Once willingness of communities, availability of NTFP resources and feasibility are confirmed at micro planning process, members shall prepare micro business plan and submit to RMU, who will scrutinize the plans. After approval of the plan, NTFP Collector Group shall be provided training and financial and technical support by RMU, SDMU and NCE.
136. The JICA mission and TFD agreed that prior to microplanning, NTFP Resource Assessment shall be conducted by PMU/NCE to grasp the status of existing NTFP resource in the State and see potentiality of NTFP resources available and zoning project area for project intervention at Tier 3 as well as Tier 2. In the process of microplanning, analysis of assessment shall be referred to consider formation of NTFP Collectors Group.

Secondary Processing for Higher Value Addition at Tier 2

137. The JICA mission and TFD agreed that based on NTFP Resource Assessment, establishment of CC, which has functions of storage, processing, value addition, packaging and coordination amongst members, shall be promoted by RMU with support from LC, CO and FF for enhancement of NTFP products, processing mechanism and marketing capacity. In the process of microplanning, in case willingness of communities, availability of NTFP resources and feasibility are confirmed, consultation shall be provided by LC, CO and FF with support from NCE and PMC to crystalize the plan of CC establishment.
138. The JICA mission and TFD agreed that once CC is established with the form indicated in Attachment 3, the Project shall support setting up the centre per se, procurement of equipment and working capital including the cost for raw material. It was agreed that a budget of INR. 4 lakh per

CC as operation cost shall be provided, out of which INR. 3 lakh shall be covered by the Project and remaining INR. 1 lakh shall be provided by the State Government.

139. The JICA mission and TFD agreed that strengthening of M-CCFC, which were formed under TFIPAP for livelihood improvement through provision of technical training for NTFP value addition, is significant for NTFP promotion in the State. In the Project, M-CCFC, which has similar function to CC, shall be supported for its sustainability and scaling up of its operation. It was agreed that in the same financial arrangement as CC, budget of INR. 4 lakh per M-CCFC shall be provided, out of which INR. 3 lakh shall be covered by the Project and remaining INR. 1 lakh shall be provided by the State Government.
140. The JICA mission and TFD agreed that for involvement of M-CCFC into project intervention at Tier 2, viability study shall be conducted within the course of NTFP Resource Assessment, prior to supporting M-CCFC in order to grasp the needs and capacities of the communities, production and marketing potential of the M-CCFC and the comparative advantage of the M-CCFC. Based on the analysis of the said study, it was agreed that the details of supporting plan for M-CCFC shall be prepared by PMU.

Advanced Processing and Value Addition at Tier 1

141. The JICA mission and TFD agreed that APU is the collective facility with equipment required for high value addition, processing and marketing. Based on a Diagnostic Study, the Project shall support infrastructure development, skill development, and marketing as well as running and maintenance of APU created at Tier 1 level. The APU shall be financed by the Project for five years until it is assumed to become financially and technically self-sufficient with some financial source of consulting services to provide, some commission fee from Crafts & More, etc. For such purpose, Technical Agency, NCE and PMC shall provide efficient technical support. The process for establishment shall be monitored by NCE, SDMU and PMU.
142. The JICA mission and TFD agreed that the SPV shall be supported for establishment/construction of the unit, procurement of equipment for processing products, product development, design intervention, packaging and other necessary process and its operation under the Project based on the Business Plan prepared through Diagnostic Study and approved by PMU. For further detail of institutional arrangement of APU, see Attachment 3.
143. The JICA mission and TFD agreed that in case of insufficiency of operation cost for cluster development including the management of APU, TFD shall take the responsibility of mobilization of additional funds through the State Share.

Ecotourism Development

144. TFD explained that the State Government is attempting to develop ecotourism for sustainable usage of natural resources and ensuring livelihoods of the local communities. For such purpose, TFD shall prepare ecotourism policy, effectuate it and explore the option of Public Private Partnership throughout a feasibility study based on the said policy. The JICA mission and TFD agreed that the Project shall support “Ecotourism Development Fund” for its smooth operation and supporting ecotourism activities operated by the community.
145. The JICA mission and TFD agreed that the detailed plan of ecotourism development fund shall be submitted for review and concurrence for JICA after approval of HPSC of the Project.

Revolving Fund

146. The JICA mission and TFD agreed that the Project shall provide INR. 1 lakh as revolving fund per SHG, which shall be kept at JFMC account. While SHG members shall be able to access such fund for the purpose of income generation activities under the Project, the fund shall not be utilized as consumption loan.

Component 4: Institutional Strengthening

Beat Office

147. The JICA mission and TFD agreed that within the Society of the Project, PMU, DMU, SDMU and RMU shall be part of PMU, wherein Beat Office shall not be a part of PMU. However, both sides agreed that Beat Officer shall be placed in the RMU and mainly take a responsibility of preparation of BFBP under the Project.

Follow Up of TFIPAP

148. The JICA mission and TFD agreed that TFD shall continuously do the follow up of project intervention in TFIPAP. The JICA mission highlighted the necessity of harvesting of forest resources, especially including bamboo harvesting planted under TFIPAP based on benefit sharing with JFMCs. The JICA mission and TFD also agreed that ensuring such intervention by TFD would promote joint forest management by JFMCs under the Project and bring the positive project impacts.

(F) Environmental and Social Consideration Issues

Environmental Checklist

149. TFD confirmed that the environmental considerations for the Project are summarized in the Environmental Checklist as Attachment 11. TFD assured that they will take necessary measures in accordance with the checklist, and will report to JICA India Office if any major changes affecting the environment occur to the Project.

Environmental Category

150. In light of the “JICA Guidelines for Environmental and Social Considerations” dated April 2010, the JICA mission explained that the Project will be categorized as “FI”.

151. The JICA mission and TFD agreed to define the target JFMC as “Sub-project” and its range-wise environmental categorization shall be conducted by RMU based on the result of screening and selection of project activities under the sub-project. The result of sub-project categorization shall be evaluated and approved by DMU. The categorization results shall be compiled by PMU and be submitted to JICA.

152. The JICA mission and TFD agreed that any project component which would be likely to have significant adverse impact on the environment and Society (category A under the JICA Guidelines for Environmental and Social Considerations) and which would require any land acquisition and involuntary resettlement shall not be selected under the Project.

153. For TFD’s convenience for environmental review of Sub-projects, JICA mission handed out to TFD the Definition of Environmental Categorization as per Attachment 13.

Environmental and Social Impact Assessment

154. For the “Project” itself, neither preparing for Environmental Impact Assessment (EIA) and Social Impact Assessment (SIA) nor obtaining an official environmental clearance is necessary, in accordance with the Notification of September 14th, 2006, issued by the Ministry of Environment and Forests, GOI.

Environmental and Social Management System

155. The JICA mission confirmed the Environmental and Social Management System (ESMS) of TFD needs to be improved, according to ESMS Checklist as per Attachment 14. In order to further enhance its capability for ESMS, the JICA mission and TFD agreed that capacity development shall be conducted according to “Need of Capacity Development and Improvement Plan” of ESMS Checklist.

Environmental and Social Management System Framework

156. The JICA mission and TFD agreed that the Environmental and Social Management System Framework (ESMSF) in Attachment 15 have been prepared because ESMS of TFD needs some improvements, as mentioned above.

157. The JICA mission and TFD agreed that Environmental Assessment as well as Social Assessment will be conducted only for the Sub-projects categorized as “Category B” and DMU determines the necessity of such assessments in accordance with ESMSF/ Scheduled Tribe and Forest Dependents Plan Framework (STFDPF) and, in case of Category C Sub-projects, any Environmental and Social Considerations relevant assessment and monitoring will not be required.

158. The JICA mission and TFD agreed that TFD shall report to JICA India Office if any major changes are made for ESMSF/STFDPF. Furthermore, the JICA mission explained that if ESMSF/STFDPF are found out to be not working, TFD and JICA shall review the framework and the Project shall be executed based on the revised framework. TFD agreed to it.

Scheduled Tribe and Forest Dependents Plan

159. In light of the requirement of the “JICA Guidelines for Environmental and Social Considerations” dated April 2010, the JICA mission and TFD agreed with STFDPF shown in Attachment 15 for Sub-projects. Based on the STFDPF, TFD shall prepare the Scheduled Tribe and Forest Dependents Plan (STFDP), which shall be incorporated in the Micro Plan, in case that the Project has impacts on local customs and traditions of vulnerable ST and Forest Dwellers.

Land Acquisition and Involuntary Resettlement

160. The JICA mission and TFD agreed that any Sub-projects categorized as “A” and any Sub-projects requiring land acquisition and involuntary resettlement shall be excluded from the project target. In case of necessity of land, government land will be utilized for the land required for development of small infrastructure.

Stakeholder Meetings

161. The JICA mission and TFD agreed that the local stakeholder meetings on the Project with relevant stakeholders and local residents shall be held in order to explain the objective and activities of the Project based on ESAF after preparation of BFBP.

162. The JICA mission and TFD agreed that Free, Prior and Informed Consultations (FPIC) shall be conducted with the local and their consent shall be obtained in the process of micro planning in project area.

163. The JICA mission and TFD agreed that TFD shall report to JICA on the status and progress of stakeholder meetings including implementation of FPIC in an annual report as per Attachment 12.

Monitoring Report of Environmental Management

164. The JICA mission and TFD agreed that in case Sub-projects are categorized as “B”, those Sub-projects shall be monitored with using the Environmental and Social Compliance Monitoring Form to be submitted to RMU as per Attachment 16. Although the results of monitoring are not required to submit constantly to JICA, PMU shall keep monitoring records and be ready to submit if JICA requests. Additionally, for such Sub-projects categorized as “B”, the Environmental and/or Social assessment/s as well as preparation of mitigation plans against identified impacts (such as Environmental Management Plan and Environmental Monitoring Plan) shall be conducted according to ESAF and STFDPF.

165. TFD agreed that TFD shall annually submit JICA the results of environmental and social monitoring as a part of Project Status Report by filling in the Outline of Annual Environmental and Social Performance Report as per Attachment 12 until the completion of the Project. As described in the Attachment 15, in case of Category B Sub-projects, the detail descriptions of project activities (Location, Scope of the Activities, Specific Reasons of Category B, and Executor/Contractor) shall be explained respectively.

166. TFD stated that no outstanding environmental issue is expected during operation. TFD understood that JICA will check if Sub-projects are selected and categorized appropriately by TFD.

Disclosure of Monitoring Results

167. The JICA mission requested TFD to disclose the monitoring results to local project stakeholders, and TFD agreed to disclose monitoring results in their field offices.

168. TFD also agreed to JICA’s disclosure of provided monitoring results in the monitoring forms and annual reports on JICA's website.

Protected Area

169. TFD clarified that, even though Gomati Sanctuary is included in the project area, all the proposed project activities in such areas aim at promoting sustainable biodiversity management that would lead to environmental conservation and are non-invasive in nature.

(G) Other Issues

Security Management

170. The JICA mission stated that JICA’s financial assistance to support development efforts of TFD will last till the completion of the Project, and maintaining the safety of workers and the general public by thorough implementation of safety measures and immediate action in the case of accident is essential requirement for achieving project goal. Therefore, the JICA mission requested that the Project should pay high attention to the safety measures during project implementation period.

171. TFD agreed to notify JICA immediately (within 24 hours at the latest) in case that any fatal, major or other accident, which may involve serious injuries, occurs during the implementation of the Project.

Climate Change Effect and Information Disclosure

172. The JICA mission explained that the Project intends to contribute to climate change mitigation, which will be disclosed in line with JICA's Climate Change policy and TFD agreed to it. The mode of disclosure should be through JICA website after the Loan Agreement is concluded.

Operation and Effect Indicators

173. The JICA mission and TFD agreed Operation and Effect Indicators applied to the Project in Attachment 25. The JICA mission justified that the indicators would not only enable consistent evaluation of the achievements throughout the project cycle but would also promote more effective and efficient project implementation. The JICA mission informed that the indicators would be disclosed on the website of JICA for more accountability to the Japanese people for JICA's operations. TFD agreed to monitor the indicators and provide the relevant data to JICA in appropriate timings.

174. In case organizational structure changes, the relevant Departments will be responsible for undertaking monitoring the indicators and providing the relevant data to JICA. Smooth data collection should be carried out in order to maintain institutional memory for the purpose of continuous monitoring and evaluation of the Project.

175. The JICA mission and TFD agreed that baseline data of agreed indicators shall be reviewed based on Micro Plan and baseline survey and updated if necessary and reported to JICA.

END